

7/14/08

(13)

**DRAFT SUMMARY BUDGET POINT OF VIEW—Board of Selectmen****Background**

Due to the state of the economy we need to be very diligent in our fiscal planning for FY '10 and beyond. The town has gotten through recessions before, and we have learned many lessons. To get through this recession and retain the critical services needed for basic health and safety, as well as the services for specific constituencies and age groups, we need to plan as far ahead as possible, and establish priorities that the major boards and the citizenry can agree on.

Last year, as the economy relatively quickly downturned, and gas prices skyrocketed, we responded by cutting budgets to preserve reserves. If those reserves remain intact, projections showed that we will likely be able to meet operating and capital needs without having to seek an override. If those reserves are depleted, the ability to meet needs in FY 10 is much less certain. In a declining economy, sources of revenue from excise tax, real estate transactions, etc. decline as well. ALG does revenue assumptions first, in order to get a ballpark idea on whether or not the town will need to seek an override. We do not base our budget upon this—it is merely to get a prediction of whether or not, without adding anything new to our budgets, we can make it another year without an override.

Acton citizens have expressed a preference for incremental increases in taxes rather than significant jumps. In FY 08, due to our legislators achieving a readjustment in the formula for Chapter 70 state funds, Acton received the higher share that it deserved as a town with one of the highest numbers of pupils (school age children attending the public schools) per capita. This enabled the ALG to recommend reducing the tax increase, because all costs needed were covered by the available revenues. In FY 09 needs which had been long deferred needed the full tax capacity within prop 2 ½ --2 ½ plus the amount unused the year before. This was a planful effort, and those of us who wanted to do 2 ½ in FY 08 and 2 ½ in FY 09 were told that if we don't need the money we shouldn't tax it. Those of us who knew we would likely need to use the tax capacity in the following year announced it loudly, but it seems that few heard. However, it is important to note that while many towns are seeking overrides or having to make drastic cuts in their budgets, Acton did not have to do so because of its prudent planning.

**Points of Agreement**

We need to look ahead 3-5 years to determine how best to prepare to meet future needs by budgeting wisely this year.

High energy prices and a slow economy means budgeting very conservatively. Any additional spending will need to be very closely examined and rationalized

Reserves are critical to making it through a recession. Members don't all agree on how to arrive at the ideal % that should be kept in reserves.

Energy costs make it even more critical to look at initiatives that will save energy.

Plans for upcoming large projects (\$1,000,000 and over) should be thoroughly discussed, prioritized, and placed in specific order, so that they can be addressed before their need becomes an emergency (Senior Center, Fire Station(s), sidewalk construction, other large projects). Economic factors may delay these projects or slow down the schedule, but there should be a plan as to how they will be accomplished.

Medium capital projects (large equipment, repair/replacement of buildings) should be planned for and prioritized so they do not overburden the budget in any given year and so that if possible we can avoid borrowing.

Regular vehicle replacement plans exist. We should look at making our fleet as energy efficient as possible.

The Town/School split should be studied, and if possible a formula should be developed to shift funds in a very gradual manner toward the municipal side for operations and recurring costs as enrollment growth decreases. This will always be a negotiation, and all attempts should be made to make it a win-win.

Saving a portion of funds that come from New Growth for open space development or smart-growth initiatives was recommended.

More of an effort needs to be made to help seniors "age in place". Strategies need to be developed to help Senior Tax Relief. Citizens and state need to pitch in much more to help seniors stay in their homes and in the community. All of us must help.

Due to federal and state un-funded mandates, too large a burden is placed on property taxes. We need to lobby that mandates and regulation changes required by state and federal governments should come with the necessary funding. Examples are Homeland Security, Title V requirements, compliance of builders with workman's compensation laws, changes to building codes, health codes, fire codes, that we need to accomplish without adding staff, and many, many others. On school side, it special ed, No Child Left Behind, 990, etc.

We need more state and federal funding for infrastructure, particularly alternatives to cars—sidewalks, walking trails, bike trails, bike lanes, and all modes of public transportation.

We should request of the Manager to continually look at streamlining processes and procedures toward higher efficiency. However, this needs to be balanced with having

a positive working environment and sufficient staff and resources to do the quality job that Acton's citizens have come to expect.

Prudent fiscal planning and sound management should be rewarded. If monies are unspent at the end of the year due to conservative use of resources, the unspent monies should be held in reserve for the entity that accrued the savings.

### **Points of Disagreement**

How to arrive at the % of revenues that should be held in reserve

% of new growth saved for open space/land purchase

How to determine critical services

### **Summary**

There was actually quite a bit more agreement than I expected. I would say that this was a useful exercise in that many ideas were generated, as well as assumptions were aired that can be a catalyst for further discussion. As I said before, this is a work in progress. It will change as new information becomes available. The budgeting process is also one that invites input from the public. I would encourage the public to be part of the process by writing to us and/or attending meetings to air their views.